

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹
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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence, described below, from interested persons in the above-captioned cases. Although the Court cannot respond individually to all of those who have expressed their thoughts or concerns, the Court is deeply mindful of the impact of the fiscal crisis on lives, institutions, and expectations, and of the importance of the issues that are raised in these unprecedented cases.

1. Email dated June 29, 2022 from Zaida Alvarez
2. Email dated July 15, 2022 from Andrea Fabre Reyes
3. Email dated July 28, 2022 from Power 4 Puerto Rico

¹ The Debtors in these title III cases, along with each Debtor's respective title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

4. Email dated August 1, 2022 from Andrea Fabre Reyes

Dated: August 3, 2022

SwainDPRCorresp NYSD

From: Zaida Alvarez
Sent: Wednesday, June 29, 2022 2:40 PM
To: NYSD Swain Corresp
Subject: Fw: LAW 80

CAUTION - EXTERNAL:

Hon. Judge Taylor Swain

I come to you to help us with the original Law 80 that is working between the government and the Fiscal Control Board. We need to withdraw now.

For example, I have been working for 34 years in the Department of Education, Central Level, I suffer from various degenerative and disabling health conditions, which no longer allow me to work properly.

I have fibromyalgia and as part of this, fibrofog, that I don't concentrate and I forget things. In addition, of the other conditions, such as Sleep Apnea, that I had an accident because I fell asleep driving to get to work and at work I fall asleep too.

The migraine also affects me, since I have to leave every time I have an episode. In addition to all the other conditions I suffer from.

It is commendable that I can now retire. I belong to Law 447.

I will deeply appreciate all the help you can give me.

Cordially,

Zaida Alvarez Flores
Department of Education

[Sent from Yahoo Mail on Android](#)

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SwainDPRCorresp NYSD

From: Andrea Fabre Reyes [REDACTED]
Sent: Friday, July 15, 2022 3:07 PM
To: NYSD Swain Corresp
Subject: P.R. Health Fraud

CAUTION - EXTERNAL:

A:
Hon. Juez Laura Taylor Swain

De:
Andrea Victoria Fabre Reyes

Asunto:
Fraude / Deudas

De manera respetuosa y cordial, me dirijo a la Hon. Juez Laura Taylor Swain, al Honorable tribuno de el primer circuito de apelación de Boston.

La misiva responde a informarle de todo lo que esta ocurriendo en Puerto Rico, se estan robando el dinero de salud, con referidos, hacen pasar personas por otras para cobrarle dinero doble a la aseguradora, desde el 2017 llevo denunciando esta situación a el FBI (vía online) y aun no hacen nada.

Varios alcaldes, incluyendo el alcalde actual de San Juan, con el apoyo de el gobernador, ESTAN COMETIENDO FRAUDE, el modus operandis es contratar compañías externas de basura, para otorgar contratos y de esta manera lavar dinero.

La situación de el covid esta fuera de control, alteran estadísticas etc para pedir más dinero (fondos) a el gobierno federal. Todos incluyendo el gobierno, le han estado mintiendo a usted, junta de control fiscal y demas, para obtener más dinero.

Atte:
Andrea Victoria Fabre Reyes

[REDACTED]

[REDACTED]

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U.S. District Court Judge Laura Taylor Swain
 Daniel Patrick Moynihan
 United States Courthouse
 500 Pearl St.
 New York, NY 10007-1312

July 28, 2022

Dear Judge Swain:

We strongly urge you to closely examine McKinsey & Company's reported conflicts of interest in Puerto Rico's debt restructuring process¹ and deny McKinsey's final fee application on the basis of not having complied with Section 2(e)² of the Puerto Rico Recovery Accuracy in Disclosures Act of 2021 (PRRADA)³.

[Power 4 Puerto Rico](#) is a national coalition of the Puerto Rican Diaspora and allies that promotes fair recovery, economic growth and self-sufficiency for the island. Our members and partners include the [Center for Popular Democracy \(CPD\)](#), [Alianza for Progress](#), the [Center for American Progress \(CAP\)](#), and the [Hispanic National Bar Association \(HNBA\)](#). As part of our mission, we have repeatedly called for greater transparency in Puerto Rico's fiscal management. Recent events⁴ demonstrate that our demand is still valid. The citizenry has been denied transparency, including around the procurement of advisors and consultants who have failed to look after the best interests of Puerto Rico. Because of PRRADA and Judge Rhodes' analysis of McKinsey's disclosure⁵, there are more reasons to refuse the entity's final fee application.

As of August 2021, the debt restructuring process has cost Puerto Rican taxpayers close to **\$939 million dollars**.⁶ This is due, in large part, to the Financial Oversight and Management Board (FOMB)'s procurement of hundreds of bankruptcy attorneys, consultants, and professionals, who bill an average of \$700 dollars per hour.⁷ The Congressional Budget Office (CBO) estimated the Board would cost Puerto Rico \$370 million over a 10-year period.⁸ **Not even half of that period has passed, and the Board's administrative costs are close to tripling the original estimate.**

¹ ENDI, [Former bankruptcy judge asks Federal Justice to stop payments to the company McKinsey, advisor to the Fiscal Board](#) (Translated into English)

² Section 2(e) provides that the court may deny compensation or reimbursement of expenses if the professional person (1) has failed to file the verified disclosure statements or has filed inadequate disclosure statements, (2) is not a disinterested person in the case, or (3) holds an adverse interest in connection with the case.

³ [PRRADA](#)

⁴ WSJ, [McKinsey Clients Won Puerto Rico Contracts as Firm Advised Government](#)

⁵ Ibid.

⁶ ENDI, [El proceso de la quiebra le ha costado \\$939 millones a los puertorriqueños](#)

⁷ CPI, [JUNTA DE CONTROL FISCAL: UN GOBIERNO PARALELO DE CONSULTORES Y ABOGADOS](#)

⁸ CBO, [Cost Estimate of H.R. 5278: Puerto Rico Oversight, Management, and Economic Stability Act](#)



Since 2016, McKinsey & Company has been one of the consulting firms benefitting from the Board's procurement of professional services, and its fiscal weight is substantial. By August 2019, the firm had billed close to \$72 million, with an approximate monthly cost of \$3.3 million dollars.⁹ McKinsey's final fee application is expected to sum up to **\$120 million dollars**.¹⁰

If this amount were to be approved and paid, it would constitute not only an additional exorbitant expense shouldered by Puerto Rico's taxpayers but also a potential violation to the disclosure requirements imposed by PRRADA, and a reward to a firm that has inflicted pain and austerity to Puerto Ricans, as well as to other citizens globally.

As widely reported, McKinsey's fiduciary responsibility as a consultant to Puerto Rico's FOMB has come under deep scrutiny:

1. McKinsey was¹¹ and may still be a creditor of Puerto Rico, and therefore could be considered a party with adverse interests in the case.
2. The consulting firm has helped the Board review contracts with companies that are also its clients. These contracts total tens of billions of dollars.¹² Some of the companies that have been awarded contracts while retaining McKinsey as their consultant are:
 - a. **Quanta Services Inc.** – which owns half of the joint venture to operate the electric service in Puerto Rico for 15 years. **LUMA Energy, LLC (LUMA) is the joint venture between Quanta Services Inc. and Canadian Utilities Limited, an ATCO Ltd. Company (ATCO).**¹³
 - b. **Puma Energy Caribe LLC** – more than \$2.1 billion to ship diesel to run PR's utility system.
 - c. **EcoElectrica LP and Nature Energy Group SA** – \$9 billion for EcoElectrica to provide power and Naturgy to supply natural gas.
 - d. **New Fortress Energia LLC** - \$1.5 billion to convert two publicly owned power-generation facilities to natural gas.
 - e. **Molina Healthcare** – \$900 million to provide healthcare services through a managed care model.

⁹ NYMAG, [The McKinsey Way to Save an Island: Why is a bankrupt Puerto Rico spending more than a billion dollars on expert advice?](#)

¹⁰ WSJ, [McKinsey Clients Won Puerto Rico Contracts as Firm Advised Government](#)

¹¹ NYT, [McKinsey Advises Puerto Rico on Debt. It May Profit on the Outcome.](#)

¹² WSJ, [McKinsey Clients Won Puerto Rico Contracts as Firm Advised Government](#)

¹³ LUMA Energy's total budget for its 15-year contract is around \$1.2 billion dollars. The system operator has already billed \$160.8 million for their transition period between June 2020 and May 2021. They received a total \$60 million for their fixed fee, \$53 million for workforce, and \$46.3 million for reimbursable expenses. Additionally, in May 2021, the FOMB requested a \$1 billion fund within PREPA's budget to pay the operator, of which the PR Legislature approved \$750 million. Source: [ENDI](#), [San Juan Daily Star](#)



- f. **Manpower Group** – \$250 million to provide workforce management services.¹⁴
3. McKinsey held an adverse interest when the Government of Puerto Rico sued the company and sought civil penalties for its involvement in the opioid crisis.¹⁵

Why should you oppose their fee application?

1. The structure of the FOMB, which has allowed for the untransparent procurement of advisors and consultants for millions of dollars while alleging the need to cut payroll for public employees, has already done too much damage to Puerto Rico. The least that should be done is to prevent Puerto Rico's taxpayer dollars from filling the coffers of consultants that have not complied with PRRADA and their fiduciary responsibility as a consultant.
2. Judge Swain, you and the Court have an opportunity to underscore the need for transparent governance and procurement processes, which have been absent in the Board's administration.
3. Not taking action in this case will send the message that McKinsey may continue its operations, with impunity, not only in Puerto Rico, but also in other bankruptcy proceedings where it may be involved. It would also constitute a failure to comply with the PRRADA federal law.
4. The U.S. Trustee Program, "whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders—debtors, creditors, and the public"¹⁶— would be greatly failing the people of Puerto Rico if McKinsey's fees were to be approved in the face of untransparent behavior.

Judge Swain, no corporation or entity financed with public dollars is above the law or ethical behavior. We look forward to you sending a strong message on transparency and justice. Puerto Ricans deserve no less.

Sincerely,

¹⁴ WSJ, [McKinsey Clients Won Puerto Rico Contracts as Firm Advised Government](#)

¹⁵ NYT, [McKinsey Settles for Nearly \\$600 Million Over Role in Opioid Crisis](#)

¹⁶ U.S. Trustee Program, [About the U.S. Trustee Program](#)

SwainDPRCorresp NYSD

From: Andrea Fabre Reyes [REDACTED]
Sent: Monday, August 01, 2022 1:51 PM
To: NYSD Swain Corresp
Subject: Fraud (Translate)

CAUTION - EXTERNAL:

De manera respetuosa me dirijo a la Hon. Togada Taylor Swain y al Honorable Tribuno De Boston.

La presente responde a informarle el modus operandis o " quiet pro cua " de los candidatos o el candidato a la gobernación actual durante la emergencia.

Estas personas se estan lucrando de la emergencia de el covid, comprando pruebas de detección de covid, vacunas, y solicitando y dando beneficios y ayudas basados en que estamos pasando por una emergencia.

Los contagios estan por las nubes, la vacuna ha tenido un efecto " rebote" donde las personas ya vacunadas se estan reinfectando, estan volviendo las conglomeraciones, y el gobierno actual solo pide y brinda dinero para comprar el votos de las personas pobres o analfabetas lo cual se conoce como "quie pro cua", que es donde una persona de mayor rango / poder, intercambia "algo" de poder en este caso votos, con alguien de menor jerarquia por un beneficio, en este caso comida.

Me despido de manera respetuosa y cordial
quedo a su orden
Gracias anticipadas
Atte:

Andrea V. Fabre Reyes
[REDACTED]

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